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DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
U S WEST COMMUNICATIONS, INC. A
COLORADO CORPORATION, FOR A HEARING
TO DETERMINE THE EARNINGS OF THE
COMPANY, THE FAIR VALUE OF THE
COMPANY FOR RATEMAKING PURPOSES,
TO FIX A JUST AND REASONABLE RATE OF
RETURN THEREON AND TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP SUCH
RETURN.

DOCKET NO. T-01051B-99-0105

**JOINT FILING OF THE COMMISSION STAFF, RUCO
AND AT&T ON TEST YEAR UPDATE ISSUES**

At the April 3, 2000 Procedural Conference, U S WEST Communications, Inc. ("US WEST" or "Company") was ordered to update its test year to reflect a year-end of 12/31/99 and to submit revised schedules (with the exception of an updated RCND Study) on or before May 2, 2000.

To facilitate the expeditious processing of this case and minimize the burdens associated with further discovery to the extent possible, the parties were ordered to continue their negotiations to identify areas where the use of existing data would be appropriate. The Staff of the Arizona Corporation Commission ("Commission Staff"), the Residential Utility Consumer Office ("RUCO") and AT&T Communications of the Mountain States, Inc. ("AT&T") (hereinafter collectively referred to as the "Joint Commenters") hereby submit this joint filing identifying areas where they believe use of existing data would be appropriate and an update by the Company would be of limited value.

The Commission Staff, RUCO and AT&T¹ would agree to the use of existing data to the extent identified below:

¹ Staff has had discussions with U S WEST on these issues. U S WEST's agrees with item 1. U S WEST disagrees with item 5. As far as items 2, 3, 4 and 6, U S WEST has not ruled these out as possible areas for stipulation, but is still in the process of examining these issues.

- 1 1. Existing testimony need only be re-filed to the extent that it addresses any
- 2 numbers updated to reflect 12/31/99 and issues arising therefrom.
- 3 2. Proposed tariffs need only be updated to the extent any new rate changes are
- 4 being made or proposed.
- 5 3. Cost studies² and analyses supportive of proposed rate design need not be
- 6 resubmitted except the Company should be required to supply revised billing
- 7 determinants and proposed rates so parties can verify the Company's revenue
- 8 calculation.
- 9 4. Cash working capital lead-lag studies need not be updated. The lag day
- 10 values already derived by U S WEST and reviewed by the parties can be
- 11 applied in the new test period and adjusted, as necessary.
- 12 5. Fair value rate base need not be updated. The Joint Commenters would be
- 13 willing to stipulate to fair value if no additional revenue requirement impact
- 14 above the weighted cost of capital/original cost rate-base is associated with
- 15 fair value.
- 16 6. Regulation R-14 schedules and supporting work-papers need only be
- 17 resubmitted to the extent there are changes due to the test year update.

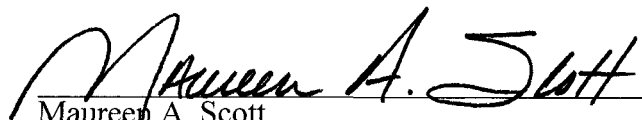
18 The Commission Staff, AT&T and RUCO also desire to comment on three other
19 issues. First, U S WEST was ordered to use the depreciation lives and rates that it believes have
20 been ordered by the Commission. While the parties do not object to this approach as long as the
21 issue is then subject to review and a final determination in the rate case, the existing record in the
22 Depreciation Docket should be incorporated into this docket. An extensive record has been
23 developed on U S WEST's requested depreciation lives and rates and fairness and expediency
24 dictates that the full record be utilized and considered when a final determination is made on the
25 depreciation issue. This is particularly important since U S WEST continues to misrepresent Staff's
26 points of truncation as Staff's recommended average projection lives on the seven technology

27 2 Updated cost studies will be required if the sale of exchanges to Citizens Rural Utilities Company
28 is accounted for in this proceeding. In the event that this issue is not addressed at this time since it would be considered
a post-test year adjustment, parties reserve the right to request such updated cost studies due to the raising of and
relevance of this issue in this proceeding.

1 accounts even though the extensive record developed since Decision 61945 clearly establishes that
2 Staff never proposed to substitute its average service lives with its points of truncation.

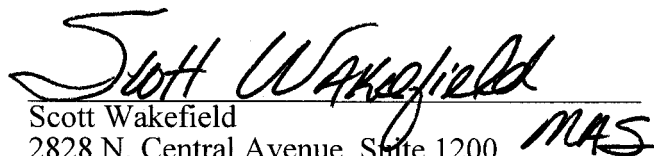
3 Second, the Commission Staff and AT&T believe that the Commission must take
4 into account the proposed transfer by U S WEST of the 38 rural wire centers to Citizens Utilities
5 Rural Company, Inc. This transaction is potentially of such magnitude that the Commission simply
6 cannot ignore it.³ Third, any Qwest merger costs recorded in 1999 need to be segregated.

7 RESPECTFULLY SUBMITTED this 12th day of April, 2000.

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4 With:

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